

**BLACKFORD COUNTY COMMUNITY FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2019 and 2018**

BLACKFORD COUNTY COMMUNITY FOUNDATION, INC.

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Board of Directors  
Blackford County Community Foundation, Inc.  
Hartford City, Indiana 47348

### INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Blackford County Community Foundation, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Blackford County Community Foundation, Inc.  
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### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Blackford County Community Foundation, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, in 2019 the Organization adopted Accounting Standards Update (ASU) No. 2014-09 *Revenue from Contracts with Customers (Topic 606)* and the related amendments with the same effective date, ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, and ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. Our opinion is not modified with respect to these matters.

*Bollenbacher & Associates, LLC*

Portland, Indiana  
September 28, 2020

Blackford County Community Foundation, Inc.Statements of Financial PositionDecember 31, 2019 and December 31, 2018

	<u>Assets</u>	
	<u>12/31/2019</u>	<u>12/31/2018</u>
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 49,218	\$ 57,672
Cash and cash equivalents - Assets held for others	<u>110,894</u>	<u>141,600</u>
	160,112	199,272
Investments; at market - Without donor restrictions - Unrestricted	1,951,431	1,720,705
Investments; at market - Without donor restrictions - Board designated	4,060	3,750
Investments; at market - With donor restrictions - Temporarily restricted	<u>7,090,756</u>	<u>5,745,873</u>
Total current assets	<u>9,206,359</u>	<u>7,669,600</u>
<u>Property and Equipment; at cost</u>		
Office equipment	60,680	63,001
<u>Less: Accumulated depreciation</u>	<u>(59,654)</u>	<u>(56,890)</u>
Total property and equipment	<u>1,026</u>	<u>6,111</u>
<u>Noncurrent Assets:</u>		
Cash surrender value of life insurance	70,321	68,725
Investments; at market - With donor restrictions - Permanently restricted	<u>2,305,602</u>	<u>2,258,431</u>
Total noncurrent assets	<u>2,375,923</u>	<u>2,327,156</u>
Total assets	<u>\$11,583,308</u>	<u>\$10,002,867</u>

Blackford County Community Foundation, Inc.Statements of Financial PositionDecember 31, 2019 and December 31, 2018

	<u>Liabilities and Net Assets</u>	
	<u>12/31/2019</u>	<u>12/31/2018</u>
<u>Current Liabilities:</u>		
Accounts payable	\$ 7,971	\$ 8,125
Accrued wages	<u>5,730</u>	<u>8,004</u>
Total current liabilities	<u>13,701</u>	<u>16,129</u>
 <u>Non-Current Liabilities:</u>		
Assets held for others	<u>110,894</u>	<u>141,600</u>
Total non-current liabilities	<u>110,894</u>	<u>141,600</u>
Total liabilities	<u>124,595</u>	<u>157,729</u>
 <u>Net Assets:</u>		
Without donor restrictions:		
Unrestricted	2,058,295	1,837,084
Unrestricted - Board designated	<u>4,060</u>	<u>3,750</u>
	2,062,355	1,840,834
With donor restrictions:		
Time-restricted for future periods	7,090,756	5,745,873
Perpetual in nature	<u>2,305,602</u>	<u>2,258,431</u>
Total net assets	<u>11,458,713</u>	<u>9,845,138</u>
Total liabilities and net assets	<u>\$11,583,308</u>	<u>\$10,002,867</u>

Blackford County Community Foundation, Inc.Statement of ActivitiesFor the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions			Total
		Temporarily Restricted	Permanently Restricted	With Donor Restrictions	
<u>Support, Revenues, and Reclassifications:</u>					
Contributions	\$ 72,610	\$ 226,305	\$ 47,171	\$ 273,476	\$ 346,086
Investment income (loss), net	402,136	1,354,200	-	1,354,200	1,756,336
Other income	10,069	-	-	-	10,069
Total support and revenues	484,815	1,580,505	47,171	1,627,676	2,112,491
Net assets released from restrictions	235,622	(235,622)	-	(235,622)	-
Total support, revenues, and reclassifications	720,437	1,344,883	47,171	1,392,054	2,112,491
<u>Grants, Scholarships, and Other Expenses:</u>					
Grants	168,076	-	-	-	168,076
Scholarships	83,500	-	-	-	83,500
Investment management fees	107,096	-	-	-	107,096
Functional expenses - Per attached schedule	140,244	-	-	-	140,244
Total grants, scholarships, and other expenses	498,916	-	-	-	498,916
<u>Change in Net Assets</u>	221,521	1,344,883	47,171	1,392,054	1,613,575
<u>Net Assets - Beginning</u>	1,840,834	5,745,873	2,258,431	8,004,304	9,845,138
<u>Net Assets - Ending</u>	<u>\$2,062,355</u>	<u>\$7,090,756</u>	<u>\$2,305,602</u>	<u>\$9,396,358</u>	<u>\$ 11,458,713</u>

Blackford County Community Foundation, Inc.Statement of ActivitiesFor the Year Ended December 31, 2018

	Without	With Donor Restrictions			
	Donor	Temporarily	Permanently	With Donor	Total
	Restrictions	Restricted	Restricted	Restrictions	
<u>Support, Revenues, and Reclassifications:</u>					
Contributions	\$ 539,253	\$3,443,064	\$ 5,688	\$3,448,752	\$3,988,005
Investment income (loss), net	(30,185)	(493,299)	-	(493,299)	(523,484)
Other income	7,605	-	-	-	7,605
Total support and revenues	516,673	2,949,765	5,688	2,955,453	3,472,126
Net assets released from restrictions	315,691	(314,895)	(796)	(315,691)	-
Total support, revenues, and reclassifications	832,364	2,634,870	4,892	2,639,762	3,472,126
<u>Grants, Scholarships, and Other Expenses:</u>					
Grants	331,754	-	-	-	331,754
Scholarships	77,420	-	-	-	77,420
Investment management fees	56,831	-	-	-	56,831
Functional expenses - Per attached schedule	162,933	-	-	-	162,933
Total grants, scholarships, and other expenses	628,938	-	-	-	628,938
<u>Change in Net Assets</u>	203,426	2,634,870	4,892	2,639,762	2,843,188
<u>Net Assets - Beginning</u>	1,637,408	3,111,003	2,253,539	5,364,542	7,001,950
<u>Net Assets - Ending</u>	<u>\$1,840,834</u>	<u>\$5,745,873</u>	<u>\$2,258,431</u>	<u>\$8,004,304</u>	<u>\$9,845,138</u>



Blackford County Community Foundation, Inc.Statement of Functional ExpensesFor the Year Ended December 31, 2019

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<u>Salaries and Related Expenses:</u>				
Director's salary	\$ 24,000	\$ 24,000	\$ -	\$ 48,000
Other salaries and wages	17,900	-	-	17,900
Payroll taxes	3,115	1,784	-	4,899
Travel	-	3,287	-	3,287
Total salaries and related expenses	<u>45,015</u>	<u>29,071</u>	<u>-</u>	<u>74,086</u>
<u>Other Expenses:</u>				
Advertising	-	3,993	3,992	7,985
Conferences and seminars	-	1,870	-	1,870
Dues and subscriptions	-	1,833	-	1,833
Insurance	-	2,883	-	2,883
Legal and accounting	-	12,930	-	12,930
Miscellaneous	-	1,015	-	1,015
Office supplies	-	8,627	-	8,627
Postage	-	1,638	-	1,638
Printing and promotion	-	-	4,493	4,493
Rent	-	6,000	-	6,000
Repairs and maintenance	-	3,272	-	3,272
Telephone	-	1,845	-	1,845
Website	-	198	197	395
Women of Worth	6,287	-	-	6,287
Total other expenses	<u>6,287</u>	<u>46,104</u>	<u>8,682</u>	<u>61,073</u>
<u>Depreciation of property and equipment</u>	<u>-</u>	<u>5,085</u>	<u>-</u>	<u>5,085</u>
<u>Total expenses</u>	<u>\$ 51,302</u>	<u>\$ 80,260</u>	<u>\$ 8,682</u>	<u>\$ 140,244</u>

Blackford County Community Foundation, Inc.Statement of Functional ExpensesFor the Year Ended December 31, 2018

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<u>Salaries and Related Expenses:</u>				
Director's salary	\$ 24,415	\$ 24,415	\$ -	\$ 48,830
Other salaries and wages	34,400	15,431	-	49,831
Payroll taxes	3,986	2,700	-	6,686
Travel	-	369	-	369
Total salaries and related expenses	<u>62,801</u>	<u>42,915</u>	<u>-</u>	<u>105,716</u>
<u>Other Expenses:</u>				
Advertising	-	4,943	4,943	9,886
Conferences and seminars	-	-	-	-
Dues and subscriptions	-	1,389	-	1,389
Insurance	-	3,128	-	3,128
Legal and accounting	-	12,730	-	12,730
Miscellaneous	-	358	-	358
Office supplies	-	4,199	-	4,199
Postage	-	1,124	-	1,124
Printing and promotion	-	-	5,135	5,135
Rent	-	5,500	-	5,500
Repairs and maintenance	-	2,295	-	2,295
Telephone	-	1,844	-	1,844
Website	-	357	357	714
Women of Worth	<u>2,673</u>	<u>-</u>	<u>-</u>	<u>2,673</u>
Total other expenses	<u>2,673</u>	<u>37,867</u>	<u>10,435</u>	<u>50,975</u>
<u>Depreciation of property and equipment</u>	<u>-</u>	<u>6,242</u>	<u>-</u>	<u>6,242</u>
<u>Total expenses</u>	<u>\$ 65,474</u>	<u>\$ 87,024</u>	<u>\$ 10,435</u>	<u>\$ 162,933</u>

Blackford County Community Foundation, Inc.

Statements of Cash Flows

For the Years Ended December 31, 2019 and December 31, 2018

	<u>12/31/2019</u>	<u>12/31/2018</u>
<b><u>Cash Flows from Operating Activities:</u></b>		
Change in net assets	\$ 1,613,575	\$ 2,843,188
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	5,085	6,242
Realized (gains) and losses from investments, net	2,471	(3,564)
Unrealized (gains) and losses from investments, net	(1,509,287)	871,352
(Increase) decrease in assets:		
Cash surrender value of life insurance	(1,596)	(1,627)
Increase (decrease) in liabilities:		
Accounts payable	(154)	(5,300)
Accrued wages	(2,274)	471
Assets held for others	(30,706)	(20,242)
Contributions - With donor restrictions	(273,476)	(3,448,752)
Interest and dividends - With donor restrictions	<u>(249,520)</u>	<u>(344,304)</u>
Total adjustments	<u>(2,059,457)</u>	<u>(2,945,724)</u>
Net cash used by operating activities	<u>(445,882)</u>	<u>(102,536)</u>
<b><u>Cash Flows from Investing Activities:</u></b>		
Proceeds - Sale of investments	900,045	175,827
Payments - Purchase of investments	<u>(1,016,319)</u>	<u>(3,989,556)</u>
Net cash used by investing activities	<u>(116,274)</u>	<u>(3,813,729)</u>
<b><u>Cash Flows from Financing Activities:</u></b>		
Proceeds - Contributions - With donor restrictions	273,476	3,448,752
Proceeds - Interest and dividends - With donor restrictions	<u>249,520</u>	<u>344,304</u>
Net cash provided by financing activities	<u>522,996</u>	<u>3,793,056</u>

Blackford County Community Foundation, Inc.Statements of Cash FlowsFor the Years Ended December 31, 2019 and December 31, 2018(Continued)

	<u>12/31/2019</u>	<u>12/31/2018</u>
Net change in cash and cash equivalents	(39,160)	(123,209)
Cash and cash equivalents - Beginning	<u>199,272</u>	<u>322,481</u>
Cash and cash equivalents - Ending	<u>\$ 160,112</u>	<u>\$ 199,272</u>

Blackford County Community Foundation, Inc.

Notes to the Financial Statements

December 31, 2019 and December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**NATURE OF ACTIVITIES** - The Blackford County Community Foundation, Inc. (Foundation) was organized exclusively to seek and accept donations from private and public sources for the purpose of distributing the income for scholarships and other charitable purposes, and to enhance and promote philanthropy in Blackford County, Indiana.

**BASIS OF ACCOUNTING** - The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**BASIS OF PRESENTATION** - The Foundation presents its financial statements in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**CONTRIBUTIONS** - Contributions, including grants, that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor restrictions that are met in the same period are reported as unrestricted support and increase net assets without donor restrictions.

Blackford County Community Foundation, Inc.

Notes to the Financial Statements

December 31, 2019 and December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**CONTRIBUTED SERVICES** - A variety of people have contributed significant amounts of non-compensatory time to the activities of the Foundation. The financial statements do not reflect the value of these contributed services because, although substantial, no reliable basis exists for determining an appropriate amount.

**ESTIMATES** - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**INCOME TAX STATUS** - The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a Foundation that is not a private foundation under Section 509(a)(3).

Management evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America. As of December 31, 2019, the Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that materially impact the financial statements or related disclosures.

The Foundation's information returns are subject to examination, generally for three years after the filing date.

**CASH AND CASH EQUIVALENTS** - For the purpose of the statement of cash flows, the Foundation considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents. The money market funds within the brokerage accounts are not considered to be cash equivalents.

**INVESTMENTS** - The Foundation carries the majority of its investments at market value. Accordingly, unrealized gains and losses are recorded for the increase or decrease in the market value of assets from the beginning of the period to the end of the period.

**RECEIVABLES AND UNCOLLECTIBLES** - Accounts and pledge receivables are recorded at cost at the time of their occurrence and adjusted to fair value through the allowance for doubtful accounts at year end by the Foundation determining the amount that may be uncollectible. The Foundation does not charge interest or finance charges for past due accounts. When an account is totally uncollectible, the Foundation writes off the receivable and reduces the allowance for doubtful accounts. The Foundation usually determines when an account or pledge is totally uncollectible by estimating whether any payments will ever be received on that account or pledge. As of December 31, 2019 and 2018, there were no pledge receivables, and accordingly, no allowance for doubtful accounts.

Blackford County Community Foundation, Inc.

Notes to the Financial Statements

December 31, 2019 and December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**PROPERTY AND DEPRECIATION** - Property and equipment owned by the Foundation are carried at cost or, in the case of donated property, at fair-market value determined at the date of gift less accumulated depreciation. Depreciation is recorded on the straight-line method over estimated useful lives of the assets.

Expenditures for maintenance and repairs and certain small elements of renewals are charged to expense as incurred, while additions and betterments are capitalized. The cost and accumulated depreciation of property sold or otherwise disposed of are removed from the accounts, and any gain or loss thereon is credited or charged to income. Depreciation expense totaled \$5,085 and \$6,242 for the years ended December 31, 2019 and 2018, respectively.

**FUNCTIONAL ALLOCATION OF EXPENSES** - The costs of providing the various programs and other activities have been summarized on a functional basis on the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Program usage studies are conducted annually.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Advertising	Program usage
Printing and promotion	Program usage

**GRANTS AND SCHOLARSHIPS** - Grants and scholarships are made from available income and principal in accordance with the designations by the donors and approved by the Board of Directors and are recorded at the date the grant or scholarship is approved.

**ASSETS HELD FOR OTHERS** - The Foundation has reported liabilities for assets held for others in conformity with FASB *Accounting Standards Codification 958, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. Under this standard, the Foundation is required to report as liabilities any amounts received from a donor that specifies itself or its affiliates as the beneficiary of the transferred assets, and any activity attributed to these amounts is recorded as an increase or decrease in the liabilities. Accordingly, the Foundation has reported \$110,894 and \$141,600 at December 31, 2019 and 2018, respectively, as liabilities for assets held for others on the statements of financial position.

Blackford County Community Foundation, Inc.Notes to the Financial StatementsDecember 31, 2019 and December 31, 2018NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NEW ACCOUNTING PRONOUNCEMENT - On January 1, 2019, the Organization adopted the Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and the related amendments with the same effective date (together, ASC 606), as prescribed by the Financial Accounting Standards Board (FASB) using the modified retrospective method of adoption. The core principle of ASC 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expected to be entitled in exchange for those goods or services. The adoption of ASC 606 did not have a significant impact of the Organization's revenue recognition, financial position, results of operations, or cash flows. Therefore, no cumulative-effect adjustment to net assets as of January 1, 2019 was required upon adoption.

Also, as of January 1, 2019, the Foundation adopted ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU was prescribed by the FASB and clarifies and improves accounting guidance for contributions received and contributions made by providing guidance on whether transactions should be accounting for as contributions (nonreciprocal transactions) within the scope of the Accounting Standards Codification Topic 958, *Not-for-Profit Entities*, or an exchange (reciprocal) transaction subject to other guidance and whether a contribution is conditional. ASU No. 2018-18 has been applied using a modified prospective basis in the financial statements by which the ASU was applied for agreements that were either not completed or in place as of December 31, 2018. Therefore, no prior period results were restated and there was no cumulative-effect adjustment to net assets as of January 1, 2019.

Also, on January 1, 2019, the Foundation adopted ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires that statement of cash flows include the change during the year of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. ASU No. 2016-18 was prescribed by the FASB and has been applied retrospectively to all years presented. No prior period results were restated and there was no cumulative-effect adjustment to net assets as of January 1, 2019.



Blackford County Community Foundation, Inc.Notes to the Financial StatementsDecember 31, 2019 and December 31, 2018NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2019:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Equipment:		
Office equipment	\$ 60,680	\$ (59,654)
Total equipment	<u>60,680</u>	<u>(59,654)</u>
Total property and equipment	<u>\$ 60,680</u>	<u>\$ (59,654)</u>

Property and equipment consisted of the following at December 31, 2018:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Equipment:		
Office equipment	\$ 63,001	\$ (56,890)
Total equipment	<u>63,001</u>	<u>(56,890)</u>
Total property and equipment	<u>\$ 63,001</u>	<u>\$ (56,890)</u>

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash, equity, and other investments. The Foundation generally places its investments with financial institutions and attempts to limit its credit exposure to any one financial institution. The Company maintains deposits in a financial institution that at times exceeds the insured amount of \$250,000 provided by the U.S. Federal Deposit Insurance Corporation (FDIC). As of December 31, 2019 and 2018, there were no cash deposits in excess of the FDIC limit. On December 31, 2019 and 2018, the Foundation had \$11,351,849 and \$9,728,759, respectively, invested in different brokerage accounts. The Foundation maintains a continually managed investment strategy to diversify the risk of these investments; however, they are subject to normal market risk. Investments held in brokerage accounts are not FDIC insured. The Foundation does not require any collateral to support its financial instruments.

Blackford County Community Foundation, Inc.Notes to the Financial StatementsDecember 31, 2019 and December 31, 2018NOTE 4 - INVESTMENTS; AT MARKET

At December 31, 2019, the Foundation maintained the following investment portfolio:

	Cost	Unrealized Gain (Loss)	Carrying Value (Market)
Money market funds	\$ 1,289,951	\$ -	\$ 1,289,951
Mutual funds	8,019,908	1,059,482	9,079,390
Alternative investments	967,330	15,178	982,508
Total	<u>\$ 10,277,189</u>	<u>\$ 1,074,660</u>	<u>\$ 11,351,849</u>

The above funds are included on the statements of financial position at market value.

Investment income earned on these investments during the year ended December 31, 2019, consisted of the following:

Interest and dividends	\$ 249,520
Realized gains (losses) on sale of investments, net	(2,471)
Unrealized gains (losses) on sale of investments, net	<u>1,509,287</u>
Total	<u>\$ 1,756,336</u>

The above income is included on the statement of activities.

At December 31, 2018, the Foundation maintained the following investment portfolio:

	Cost	Unrealized Gain (Loss)	Carrying Value (Market)
Money market funds	\$ 1,993,134	\$ -	\$ 1,993,134
Mutual funds	7,331,283	(489,828)	6,841,455
Alternative investments	900,859	(6,689)	894,170
Total	<u>\$ 10,225,276</u>	<u>\$ (496,517)</u>	<u>\$ 9,728,759</u>

The above funds are included on the statements of financial position at market value.

Investment income earned on these investments during the year ended December 31, 2018, consisted of the following:

Interest and dividends	\$ 344,304
Realized gains (losses) on sale of investments, net	3,564
Unrealized gains (losses) on sale of investments, net	<u>(871,352)</u>
Total	<u>\$ (523,484)</u>

The above income is included on the statement of activities.

Blackford County Community Foundation, Inc.Notes to the Financial StatementsDecember 31, 2019 and December 31, 2018NOTE 5 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2019</u>
Cash and cash equivalents	\$ 159,884
Investments; at market	1,955,491
Total	<u>\$ 2,115,375</u>

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds.

NOTE 6 - MAJOR FUNDING SOURCES

Significant amounts of income were recorded from the following sources during the year ended December 31, 2019:

<u>Contributor</u>	<u>Amount</u>	<u>% of Total Contributions</u>
[REDACTED]	\$ 147,034	42%
Lilly Endowment, Inc.	\$ 50,000	14%

Significant amounts of income were recorded from the following sources during the year ended December 31, 2018:

<u>Contributor</u>	<u>Amount</u>	<u>% of Total Contributions</u>
[REDACTED]	\$ 3,327,927	83%
Lilly Endowment, Inc.	\$ 500,000	13%

NOTE 7 - PRINTING AND PROMOTIONAL AND ADVERTISING EXPENSES

For the years ended December 31, 2019 and 2018, respectively, printing and promotional expenses in the amount of \$4,493 and \$5,135 and advertising expenses in the amount of \$7,985 and \$9,886 were incurred by the Foundation to promote its programs among the Blackford County community.

Blackford County Community Foundation, Inc.Notes to the Financial StatementsDecember 31, 2019 and December 31, 2018NOTE 8 - COMMITMENTS

During 2016, the Foundation entered into a five-year lease of office facilities for \$500 per month effective January 2017 through December 2021. Rent expense for the years ended December 31, 2019 and 2018, was \$6,000 and \$5,500, respectively.

Future minimum lease payments are as follows:

2020	\$ 6,000
2021	<u>6,000</u>
Total	<u>\$12,000</u>

NOTE 9 - NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Time Restricted		
Restricted for future periods	\$ 7,090,756	\$ 5,745,873
Perpetual	<u>2,305,602</u>	<u>2,258,431</u>
Total	<u>\$ 9,396,358</u>	<u>\$ 8,004,304</u>

Net assets without donor restrictions for the years ended December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Undesignated	<u>\$ 2,062,355</u>	<u>\$ 1,840,834</u>

Net assets released from net assets with donor restrictions are as follows:

	<u>2019</u>	<u>2018</u>
Satisfaction of Purpose Restrictions		
Restricted for future periods	\$ 235,622	\$ 314,895
Total	<u>\$ 235,622</u>	<u>\$ 314,895</u>

Blackford County Community Foundation, Inc.Notes to the Financial StatementsDecember 31, 2019 and December 31, 2018NOTE 10 - FAIR VALUES OF FINANCIAL INSTRUMENTS

FASB *Accounting Standards Codification 820, Fair Value Measurements* defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This standard also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quotes prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices as quoted prices for similar assets or liabilities; quotes prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The estimated fair values of the Foundation's financial instruments at December 31, 2019, none of which are held for trading purposes, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial Assets:</u>				
Money market funds	\$ 1,289,951	\$ -	\$ -	\$ 1,289,951
Mutual funds	9,079,390	-	-	9,079,390
Alternative investments	982,508	-	-	982,508
Total assets at fair value	<u>\$ 11,351,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,351,849</u>

The estimated fair values of the Foundation's financial instruments at December 31, 2018, none of which are held for trading purposes, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial Assets:</u>				
Money market funds	\$ 1,993,134	\$ -	\$ -	\$ 1,993,134
Mutual funds	6,841,455	-	-	6,841,455
Alternative investments	894,170	-	-	894,170
Total assets at fair value	<u>\$ 9,728,759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,728,759</u>

Blackford County Community Foundation, Inc.Notes to the Financial StatementsDecember 31, 2019 and December 31, 2018NOTE 11 - UNDERWATER ENDOWMENT FUNDS

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. At December 31, 2019, the Foundation had funds with original gift values of \$1,225,480, fair values of \$1,178,270, and deficiencies of \$47,210 reported in net assets. At December 31, 2018, the Foundation had funds with original gift values of \$6,301,066, fair values of \$5,783,351, and deficiencies of \$517,715 reported in net assets. The deficiencies resulted from unfavorable market fluctuations that occurred during the year and continued appropriation for certain purposes was deemed prudent by the Board of Directors.

NOTE 12 - ENDOWMENT FUND

Change in endowment net assets for the year ended December 31, 2019:

	<u>Without Donor Restrictions</u>		<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Unrestricted</u>	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment net assets, beginning of year	\$ 1,720,705	\$ 3,750	\$ 5,745,873	\$ 2,258,431	\$ 9,728,759
Investment return:					
Interest, dividends, capital gains (losses) (realized and unrealized)	401,647	489	1,354,200	-	1,756,336
Contributions	72,610	-	226,305	47,171	346,086
Appropriation of endowment assets for expenditure	(243,531)	(179)	(235,622)	-	(479,332)
Endowment net assets, end of year	<u>\$ 1,951,431</u>	<u>\$ 4,060</u>	<u>\$ 7,090,756</u>	<u>\$ 2,305,602</u>	<u>\$ 11,351,849</u>

Blackford County Community Foundation, Inc.Notes to the Financial StatementsDecember 31, 2019 and December 31, 2018NOTE 12 - ENDOWMENT FUND (continued)

Change in endowment net assets for the year ended December 31, 2018:

	<u>Without Donor Restrictions</u>		<u>With Donor Restrictions</u>		<u>Total</u>
	<u>Unrestricted</u>	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment net assets, beginning of year	\$ 1,414,139	\$ 4,137	\$ 3,111,003	\$ 2,253,539	\$ 6,782,818
Investment return:					
Interest, dividends, capital gains (losses) (realized and unrealized)	(30,030)	(155)	(493,299)	-	(523,484)
Contributions	539,253	-	3,443,064	5,688	3,988,005
Appropriation of endowment assets for expenditure	(202,657)	(232)	(314,895)	(796)	(518,580)
Endowment net assets, end of year	<u>\$ 1,720,705</u>	<u>\$ 3,750</u>	<u>\$ 5,745,873</u>	<u>\$ 2,258,431</u>	<u>\$ 9,728,759</u>

In 1996, the Foundation adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions, because those assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. The Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the funds are that required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

NOTE 13 - INVESTMENT AND SPENDING POLICIES

The Foundation has adopted investment and spending policies for endowment assets with an objective to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the board, the endowment assets are invested in a manner intended to produce positive results while assuming a moderate level of investment risk.

Blackford County Community Foundation, Inc.Notes to the Financial StatementsDecember 31, 2019 and December 31, 2018NOTE 13 - INVESTMENT AND SPENDING POLICIES (continued)

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investments are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a policy of appropriating for distribution each year a discretionary amount, of 4%, based on its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 14 - RISKS AND UNCERTAINTIES

The Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, credit, and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near-term and such changes could materially affect amounts reported.

NOTE 15 - RELATED PARTIES

Several board members of the Foundation also serve as board members, or have related parties that serve as board members, of other organizations that receive grants from the Foundation.

NOTE 16 - SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions that occurred between January 1, 2020 and September 28, 2020, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The ultimate impact of the outbreak to the Foundation's financial results and operations cannot be determined at this time; however, management is taking actions to mitigate the impact of the outbreak to the Foundation.



September 28, 2020

To the Board of Directors  
Blackford County Community Foundation, Inc.

We have audited the financial statements of Blackford County Community Foundation, Inc. for the year ended December 31, 2019, and have issued our report thereon dated September 28, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 1, 2019. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Blackford County Community Foundation, Inc. are described in Note 1 to the financial statements. As described in Note 1, in 2019 the Organization changed accounting policies by adopting Accounting Standards Update (ASU) No. 2014-09 *Revenue from Contracts with Customers (Topic 606)* and the related amendments with the same effective date, ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, and ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. No prior period results were restated and there was no cumulative-effect adjustment to net assets as of January 1, 2019. We noted no transactions entered into by the Organization during the years for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Board of Directors  
Blackford County Community Foundation, Inc.  
September 28, 2020  
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### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 28, 2020.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Board of Directors  
Blackford County Community Foundation, Inc.  
September 28, 2020  
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Other Matters

This information is intended solely for the use of the Board of Directors and management of Blackford County Community Foundation, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Bollenbacher & Associates, LLC*  
Bollenbacher & Associates, LLC  
Portland, Indiana

September 28, 2020

To the Board of Directors  
Blackford County Community Foundation, Inc.

In planning and performing our audit of the financial statements of Blackford County Community Foundation, Inc. as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered Blackford County Community Foundation, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Foundation, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Bollenbacher & Associates, LLC*

Bollenbacher & Associates, LLC  
Portland, Indiana